

LATE TESTIMONY

WRITTEN ONLY

TESTIMONY BY KALBERT K. YOUNG
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE HOUSE COMMITTEE ON HIGHER EDUCATION
ON
HOUSE BILL NO. 31

January 31, 2012

RELATING TO THE UNIVERSITY OF HAWAII

House Bill No. 31 increases the annual cap on expenditures from \$3,000,000 to \$5,000,000 regarding expenditures that the University of Hawaii Board of Regents can authorize from the Tuition and Fees special fund for alumni relations and generating private donations.

We have concerns with this bill. Although increased spending for fundraising efforts may add future revenue, the University must still be able to meet its financial obligations that include salary increases negotiated for the University of Hawaii Professional Assembly. The University needs to take necessary precautions in ensuring that it maintains fiscal stability in light of the uncertain economic condition of the State. The Department defers to the University of Hawaii whether they have adequately analyzed the overall fiscal condition of their operations, and can prudently justify increasing expenditures from this special fund when other financial obligations are looming, to the satisfaction of the Legislature.